

3.04.09 Indiana Builders Association

Thank you, Dennis, for those kind words. It's great to be here with friends and so many partners in progress.

We all know we're in tough economic times. The talking heads on TV go on at length about it. Washington is spending billions to bail us out of it. And economists are working overtime to plot our way out of it.

I heard someone say once that God created economists to make weather forecasters feel better about themselves.

There's a story about an engineer, a chemist, and an economist who are all stranded on an island, with nothing to eat. A can of soup washes ashore. The engineer says, "Let's smash the can open with a rock." The chemist says, "Let's build a fire and heat the can first." The economist says, "Let's assume that we have a can-opener..."

I think the best thing we can do in these uncertain times is just use a little common sense. Right now, common sense is pointing in one direction. It's pointing state government forward. It's telling us to keep the budget tight, keep a friendly hand extended to business, and do everything we can to be more efficient.

ECONOMIC STIMULUS

That applies to the economic stimulus we are about to receive from Washington, as much as it applies to our regular state budget. We can set aside all opinions about the effectiveness of this stimulus plan, but the job before us now is to use that money the best we can.

Governor Mitch appointed me to Chair a Clearinghouse Task Force of the funding coming to state agencies from the stimulus. We have an advantage over most states, in that we don't need the dollars to support the core functions of state government. We are

now one of only 3 states to have a balanced budget and a surplus. Time will tell how long that holds out. But today, we are in a position to use this money for real economic stimulus. However, I wish we had more discretion over spending decisions. Once again, it appears that Congress knows best.

We are trying to manage the expectations. Of the 4.3 billion coming into state government, 3.3 billion must be spent on education, Medicaid programs, and highways. Obviously, these are the 3 greatest needs for most states. The majority of remaining funds go through state government agencies for programs. Where there are allowances for state discretion, we'll make the best choices possible to provide a boost to the economy.

I can tell you that there is some funding coming for our housing and building industries. There are some programs to help Hoosiers acquire homes, and there are also provisions for foreclosure prevention assistance, weatherization, and owner-occupied repairs.

As you know, part of the housing money we'll receive is going to fund training and job opportunities. The state's Housing and Community Development Authority has already been working with you, the Builders Association, on training opportunities, many focusing on contractors for weatherization projects. We expect to receive about \$131 million to devote to weatherization – helping low-income households become more energy efficient.

That's in everyone's best interests – the families, the state, and the contractors who will be working on Hoosier homes. We'll know better in a few weeks exactly how all of this will work.

For now, we have this rough outline to work from. We want to put more Hoosiers to work, especially in the construction industry. We're doing our best to combine stimulus money with existing funding, to help Hoosiers generate and preserve assets. Our ultimate

goal is still giving Hoosiers access to affordable housing, and helping them remain in the homes they already have.

Indiana is in a good position to realize our goals for the stimulus money, if any state can. We've done our job over the past few years to make sure that we have balanced budgets. There's no debt. There's only room to grow. The money we get from Washington will be used to do more faster. We will attempt to create jobs and more opportunities for Hoosiers.

The Task Force that I chair will try to make sure dollars are spent efficiently and fairly across the state. We are champions of speed, but in the rush to create jobs and provide relief for Hoosiers, the assistance must be broad-based. And we need to take great care to make sure it's geographically balanced and touches as many sectors of the economy as possible.

When a project or program is presented for funding, we'll be asking, how many jobs will it create? How soon will it be started? And will it leave a lasting impact or an asset for the state?

So, we have a lot on our plate at the moment – tackling issues like property tax caps in the constitution and local government reform – but now we have a new opportunity to give Hoosiers an important boost. My goal is to “crack the code” in that 1100 page bill, and get money into the right place at the right time.

There's never a better time to go to work than when there is real good to be done and when there are real challenges to conquer. And we have a few challenges ahead in the General Assembly. While a lot of energy will be spent on the adoption of the state's budget for the next 2 years, there's plenty of work that can be done without spending a dime—like enacting PERMANENT property tax reform.

Last year's legislative action was historic for measures taken to control property taxes. I am confident that we saved many Hoosiers from financial hardship or loss of their home. But we also went beyond that by placing tax caps in state law to provide long term protection. (as you know, we said that no homeowner will ever pay more than 1% of assessed value of their home.)

But until those caps are written into the state's constitution, the reform will always be subject to change by a future legislature or by a judge. This is where we disagree with those who think the decision should be postponed or halted. We had bi-partisan support for this reform last March. Why is it a bad idea now? What harm can be done by allowing all Hoosiers to determine in a referendum, if the tax caps should be placed in the state's constitution. I know you are eager to see that happen, too.

There's nothing as empowering as owning a home, and nothing more demoralizing than losing it. In addition to keeping property taxes in check, our state is struggling to keep foreclosure rates at bay.

FORECLOSURE

The causes of foreclosure are as varied as the people it impacts. Unexpected job losses, health care costs, family changes... like death or divorce, and property taxes, are the leading causes of mortgage default in Indiana.

Foreclosure is devastating to families and their long-term financial security. But it also sends a ripple effect through entire neighborhoods and communities. We all benefit from finding ways to combat the problem.

So, we launched a major statewide initiative to assist Hoosiers who are in danger of losing their homes. The state's Foreclosure Prevention Initiative was developed in partnership with community organizations, housing agencies, government agencies, lenders and statewide associations.

Through this unique partnership a toll-free helpline was established at 1-877-GET-HOPE. For anyone who may be at risk of foreclosure, the helpline provides free, confidential counseling with no obligation or commitment. I'm proud to report that the helpline averages about 70 calls a day and served about 20,000 people last year. Hundreds of Hoosiers have worked out a plan with advisors.

A website was also established to educate Hoosiers on the foreclosure process and the resources that are available to them. More than 16,000 people have visited the website.

As you know, getting help – and getting it early – is critically important. The sooner homeowners recognize they may be at risk and seek help, the more options they have to avoid foreclosure, and stay in the homes they build and buy.

ECONOMIC ACCOMPLISHMENTS

I would like to end by bringing words of hope and encouragement. I hope I can reassure you by taking a look at what others across the country are saying about Indiana and our economic accomplishments.

From our first day in office, Indiana's economic health has been our priority. We know state government can't create prosperity. But, we have worked very hard to create an environment where our citizens CAN create prosperity. And it's being recognized.

- Site Selection magazine names Indiana "Most Improved", 5th best business climate in the nation
- Chief Executive Magazine ranks Indiana 1st in the Midwest and 8th nationally in their Best Places for Business survey
- Indiana ranks best in the Midwest for cost of doing business
- 'Diversifying Economy' helps earn Indiana the best credit rating in history: AAA
- Indiana leads the Midwest in competitiveness

- Council on State Taxation names Indiana a top state for its business tax climate
- CNBC names Indiana “Most Improved State for Business”

According to IU’s Kelly School of Business, small business owners are making up record numbers of Indiana’s workforce. More than 600,000 Hoosiers are working for themselves today.

Our economic health depends on the growth and success of small businesses - adding one or two jobs a year, increasing revenue a few thousand dollars at a time, all over the state.

CONCLUSION

We have some big responsibilities right now, but if we do our jobs right, Hoosiers will be in a good place again. They’ll have good-paying jobs, building and owning their own homes, starting businesses, and planning for their futures.

I want to thank you for the meaningful way you are contributing Indiana’s economy. We all have a part to play in the long-term economic recovery of our state. And right now, we good people like you – who are knowledgeable and motivated – who want to get Indiana building again and make us stronger than ever.

You are uniquely equipped to keep us moving forward. When you go to work, you’re doing something that not just anyone can do. Your ventures...sometimes your adventures...help us prosper and improve our communities.

So thank you for taking on that role. I’m confident that we’ll see the return of a booming economy because we have people of integrity – people like you – working on it every day. Indiana’s growth, economic development and community development are ultimately in your hands. You are the ones who care about the future of our communities and the future of our state. And you’re a big reason Indiana will see a complete economic comeback.

Thanks for all you do – Thanks for having me here today.